

VZCZCXRO4011
RR RUEHDE
DE RUEHAM #3292/01 3461623
ZNR UUUUU ZZH
R 111623Z DEC 08
FM AMEMBASSY AMMAN
TO RUEHC/SECSTATE WASHDC 3964
INFO RUEHAD/AMEMBASSY ABU DHABI 1262
RUEHGB/AMEMBASSY BAGHDAD 6125
RUEHEG/AMEMBASSY CAIRO 3854
RUEHMD/AMEMBASSY MADRID 0114
RUEHDE/AMCONSUL DUBAI 0465

UNCLAS SECTION 01 OF 03 AMMAN 003292

SENSITIVE
SIPDIS

FOR H/RGF

E.O. 12958: N/A
TAGS: [ASEC](#) [JO](#) [OREP](#) [PGOV](#) [PREL](#)
SUBJECT: JORDAN SCENESETTER FOR DECEMBER 14-16 VISIT OF
CODEL DORGAN

REF: STATE 128942

¶1. (U) Embassy Amman welcomes the December 14-16 visit to Jordan of Codel Dorgan. Jordan remains one of the United States' strongest partners in promoting peace and security in the Middle East and is active in a broad range of regional engagement activities.

Summary

¶2. (SBU) Summary: King Abdullah is approaching his 10th anniversary on the throne of the Hashemite Kingdom of Jordan. He has used his stewardship to drive economic and political reform and advocate for stability and moderate governance in the region, within the limits of Jordan's influence. Jordan maintains a close relationship with the USG, facilitated by strong military and foreign assistance programs. End Summary.

Jordan's Engagement with the USG

¶3. (SBU) Jordan maintains a close relationship with the USG, and King Abdullah is firmly supportive of U.S. priorities and initiatives. The United States and Jordan share a long history of cooperating to achieve shared goals, many achieved through U.S. assistance. Jordan is appreciative of the recent budget supplemental and grants which brought the total amount of non-military aid in 2008 to USD 561.4 million, an increase of 120% from 2007, making Jordanians some of the highest per-capita recipients of foreign assistance. A non-binding Memorandum of Understanding signed in September by the Secretary of State and Foreign Minister Salah Al-Bashir outlined U.S. support over the next five years proposing USD 360 million per year in Economic Support Funds (ESF) and USD 300 million per year in FMF. USAID's wide range of projects in Jordan strengthens water resources management, local governance, health and education systems, the judiciary, tourism, protection of the environment, alternative energy sources, and economic development. Jordan in recent years has received USD 200-300 million in FMF, used, in part, to educate over 200 officers in annual IMET programs. CENTCOM has its most extensive exercise program in Jordan, conducting 12 multilateral/bilateral exercises annually with Jordanian Armed Forces support and participation.

Demographics

¶4. (SBU) Jordan's population of 6 million is split primarily between East-Bank Jordanians (Jordanians whose families trace their heritage to the East Bank of the Jordan River), and

Palestinian-origin Jordanians (and their descendants) who arrived in Jordan in 1948 after the first Arab-Israeli war, and in 1967, following Israel's occupation of the then-Jordanian West Bank. There are approximately 1.9 million UNRWA-registered refugees inside Jordan (some of whom live in 13 designated refugee camps). The vast majority of Palestinian-origin Jordanians (including most of the registered refugees), however, hold Jordanian citizenship and are integrated into Jordanian society and dominate the business sector.

15. (SBU) Jordan is also host to numerous Iraqis who have fled the conflict and its after-effects, and has made efforts to extend access to social services to them. The GOJ is reluctant to formally classify the Iraqis as refugees, because of concerns that a new permanent refugee populace in Jordan would further erode the demographic position of East Bankers already compromised by the large influxes of Palestinians. The GOJ emphasizes that hosting the Iraqis has been a burden on the budget, and seeks international aid to ease their already tight fiscal situation. USD 200 million of Jordan's FY 2008 economic assistance supplement is intended to aid the displaced Iraqis in Jordan. Note: The GOJ's official figure of Iraqi refugees is between 450,000-500,000, although some estimates from organizations working with the refugees are significantly lower. End note.

Politics

16. (SBU) Jordan's Prime Minister and cabinet are all

AMMAN 00003292 002 OF 003

appointed by the King. King Abdullah advocates political reform, though his efforts are slowed by a recalcitrant bureaucracy, a conservative political establishment, and the GOJ's focus on economic reform. The government is dominated by East Bank tribes - historically, a key pillar of Hashemite rule - and accelerated change could alter the long-standing status quo they find favorable. Still, the King has made some progress on political reform. In 2005, he commissioned the National Agenda, a document designed to serve as a reform roadmap for the next decade. Domestic political opposition (and indeed, the only effective political party) lies with the Islamic Action Front (IAF), the political wing of the Jordanian Muslim Brotherhood (JMB) with six seats in parliament, whose primary support base lies in Jordan's Palestinian-origin population.

Foreign Policy

17. (SBU) Jordanian foreign policy encourages stability by supporting moderate governance throughout the region. King Abdullah has publicly stated that the lack of progress in resolving the Israeli-Palestinian dispute is the greatest threat to stability in the region. The King is a staunch backer of the Annapolis process, and frequently and publicly calls for a two-state solution to the Israeli-Palestinian crisis. He backs Palestinian Authority President Mahmud Abbas, whom he considers the legitimate representative of Palestinians in both the Gaza Strip and the West Bank.

18. (SBU) King Abdullah has supported U.S. goals in Iraq, including offering support for Iraqi Prime Minister Nouri Al-Maliki's government, whom PM Dahabi hosted in June. The visit resulted in the renewal of a 2006 oil deal between Iraq and Jordan to provide Jordan with oil at discounted prices, although consistent implementation of the deal has been hindered by security and technical issues. In August, the King became the first Arab head of state to visit Iraq since the fall of Saddam Hussein. Following his visit, Jordan returned an Ambassador to Baghdad, its first envoy since a 2003 attack on its embassy.

The Economy

¶9. (U) Jordan has few natural resources and is the fourth most water poor country in the world. Nevertheless, King Abdullah has focused heavily on economic reforms and GDP growth has averaged almost 6 percent in recent years. Investment from Gulf Arab countries has been strong and Jordan has also benefited from exports of phosphate and potash (used to produce fertilizer) and garments to the U.S. It remains dependent, however, on foreign assistance and on remittances from its well-educated populace working abroad.

¶10. (U) The King and his advisors continue to foster Jordan's transition from an aid-based economy to a self-sustaining, trade-based one. To this end, the GOJ has worked closely with USAID to reform its regulatory environment and to encourage foreign investment by making the Kingdom a good place to do business. As a result of bilateral engagement, the U.S. has emerged as Jordan's leading trade partner, as Jordan's Free Trade Agreement with the U.S. (signed in 2001), and its Qualifying Industrial Zones (QIZs - established in 1996 in part to promote Israel-Jordan ties) allow for easy access to the American market. Jordan also belongs to the WTO and has or is developing trade relationships and agreements with the EU, the Greater Arab Free Trade Area, Singapore, Canada, Pakistan, Turkey, and China. Still, the economic situation is precarious with complaints that the benefits of economic reform have not reached the masses, a situation exacerbated by the global increases in fuel, food, and commodity prices, as well as the depreciation of the dollar, to which the Jordanian Dinar is pegged, and resulting double-digit inflation.

Energy

¶11. (SBU) To limit Jordan's dependence on foreign oil, King Abdullah initiated a civilian nuclear energy program to overcome the economic burden of importing energy, complemented by efforts to increase renewable energy and add other indigenous sources to Jordan's energy mix. In response

AMMAN 00003292 003 OF 003

to recent hikes in world crude prices, Jordan has faced pressure to implement the new strategy as quickly as possible and competing priorities have emerged. The Cabinet suspended in August ongoing feasibility studies, tenders, and other activities in oil shale exploration within central Jordan for a period of up to 18 months in order to first explore uranium mining in that region. The GOJ and France recently signed an agreement for the French company Areva to mine for uranium. No agreements have been signed yet to provide nuclear reactors.

¶12. (SBU) In addition to meeting with the French on nuclear energy, Jordan has engaged the Chinese and South Koreans. During the King's September visit to China, his sixth trip to the country as part of his ongoing efforts to broaden Jordan's ties with Asia, the Jordanian delegation signed a non-binding memorandum of understanding on uranium exploration and several smaller agreements on the peaceful uses of nuclear energy and scientific exchanges. A bilateral Nuclear Cooperation Agreement (123 Agreement) is under interagency review with a goal of presidential signature before the end of the calendar year.

Visit Amman's Classified Web Site at
<http://www.state.sgov.gov/p/nea/amman>
Beecroft